

107TH CONGRESS
1ST SESSION

H. R. 2761

To amend the Internal Revenue Code of 1986 to provide tax benefits for small businesses, to repeal the Federal communications excise tax, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 2001

Ms. HOOLEY of Oregon introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide tax benefits for small businesses, to repeal the Federal communications excise tax, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; REFERENCES; TABLE OF CON-**
4 **TENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Small Business Tax Fairness Act of 2001”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this Act an amend-
9 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference
 2 shall be considered to be made to a section or other provi-
 3 sion of the Internal Revenue Code of 1986.

4 (c) TABLE OF CONTENTS.—The table of contents of
 5 this Act is as follows:

Sec. 1. Short title; references; table of contents.

TITLE I—SMALL BUSINESS PROVISIONS

Sec. 101. Deduction for 100 percent of health insurance costs of self-employed individuals.

Sec. 102. Increase in expense treatment for small businesses.

Sec. 103. Increased deduction for meal expenses.

Sec. 104. Increased deductibility of business meal expenses for individuals subject to Federal limitations on hours of service.

Sec. 105. Income averaging for farmers and fishermen not to increase alternative minimum tax liability.

Sec. 106. Clarification of cash accounting rules for small business.

Sec. 107. Extension of research credit made permanent.

TITLE II—TIMBER INCENTIVES

Sec. 201. Partial inflation adjustment for timber.

Sec. 202. Amortization of reforestation expenditures and reforestation tax credit.

TITLE III—ENERGY EFFICIENT HOMES

Sec. 301. Credit for energy efficiency improvements to existing homes.

Sec. 302. Business credit for construction of new energy efficient home.

TITLE IV—REPEAL OF FEDERAL COMMUNICATIONS EXCISE TAX

Sec. 401. Repeal of Federal communications excise tax.

TITLE V—DONATION OF COMPUTER TECHNOLOGY AND EQUIPMENT TO ELEMENTARY AND SECONDARY SCHOOLS

Sec. 501. Credit for donation of computer technology and equipment to elementary and secondary schools.

**TITLE I—SMALL BUSINESS
PROVISIONS**

SEC. 101. DEDUCTION FOR 100 PERCENT OF HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) is amended to read as follows:

“(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer and the taxpayer’s spouse and dependents.”.

(b) CLARIFICATION OF LIMITATIONS ON OTHER COVERAGE.—The first sentence of section 162(l)(2)(B) is amended to read as follows: “Paragraph (1) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any subsidized health plan maintained by any employer (other than an employer described in section 401(c)(4)) of the taxpayer or the spouse of the taxpayer.”.

1 (c) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 2000.

4 **SEC. 102. INCREASE IN EXPENSE TREATMENT FOR SMALL**
 5 **BUSINESSES.**

6 (a) IN GENERAL.—Paragraph (1) of section 179(b)
 7 (relating to dollar limitation) is amended to read as fol-
 8 lows:

9 “(1) DOLLAR LIMITATION.—The aggregate cost
 10 which may be taken into account under subsection
 11 (a) for any taxable year shall not exceed \$30,000.”.

12 (b) EFFECTIVE DATE.—The amendment made by
 13 this section shall apply to taxable years beginning after
 14 December 31, 2000.

15 **SEC. 103. INCREASED DEDUCTION FOR MEAL EXPENSES.**

16 (a) IN GENERAL.—Paragraph (1) of section 274(n)
 17 (relating to only 50 percent of meal and entertainment
 18 expenses allowed as deduction) is amended by striking “50
 19 percent” in the text and inserting “the allowable percent-
 20 age”.

21 (b) ALLOWABLE PERCENTAGES.—Subsection (n) of
 22 section 274 is amended by redesignating paragraphs (2)
 23 and (3) as paragraphs (3) and (4), respectively, and by
 24 inserting after paragraph (1) the following new paragraph:

1 “(2) ALLOWABLE PERCENTAGE.—For purposes
2 of paragraph (1), the allowable percentage is—

3 “(A) in the case of amounts for items de-
4 scribed in paragraph (1)(B), 50 percent, and

5 “(B) in the case of expenses for food or
6 beverages, 60 percent (55 percent for taxable
7 years beginning during 2001).”.

8 (c) CONFORMING AMENDMENT.—The heading for
9 subsection (n) of section 274 is amended by striking “50
10 PERCENT” and inserting “LIMITED PERCENTAGES”.

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 2000.

14 **SEC. 104. INCREASED DEDUCTIBILITY OF BUSINESS MEAL**
15 **EXPENSES FOR INDIVIDUALS SUBJECT TO**
16 **FEDERAL LIMITATIONS ON HOURS OF SERV-**
17 **ICE.**

18 (a) IN GENERAL.—Paragraph (4) of section 274(n)
19 (relating to limited percentages of meal and entertainment
20 expenses allowed as deduction), as redesignated by section
21 103, is amended to read as follows:

22 “(4) SPECIAL RULE FOR INDIVIDUALS SUBJECT
23 TO FEDERAL HOURS OF SERVICE.—In the case of
24 any expenses for food or beverages consumed while
25 away from home (within the meaning of section

1 162(a)(2)) by an individual during, or incident to,
 2 the period of duty subject to the hours of service
 3 limitations of the Department of Transportation,
 4 paragraph (2)(B) shall be applied by substituting
 5 ‘80 percent’ for the percentage otherwise applicable
 6 under paragraph (2)(B).”.

7 (b) EFFECTIVE DATE.—The amendment made by
 8 subsection (a) shall apply to taxable years beginning after
 9 December 31, 2000.

10 **SEC. 105. INCOME AVERAGING FOR FARMERS AND FISHER-**
 11 **MEN NOT TO INCREASE ALTERNATIVE MIN-**
 12 **IMUM TAX LIABILITY.**

13 (a) IN GENERAL.—Section 55(c) (defining regular
 14 tax) is amended by redesignating paragraph (2) as para-
 15 graph (3) and by inserting after paragraph (1) the fol-
 16 lowing:

17 “(2) COORDINATION WITH INCOME AVERAGING
 18 FOR FARMERS AND FISHERMEN.—Solely for pur-
 19 poses of this section, section 1301 (relating to aver-
 20 aging of farm and fishing income) shall not apply in
 21 computing the regular tax.”.

22 (b) ALLOWING INCOME AVERAGING FOR FISHER-
 23 MEN.—

1 (1) IN GENERAL.—Section 1301(a) is amended
2 by striking “farming business” and inserting “farm-
3 ing business or fishing business,”.

4 (2) DEFINITION OF ELECTED FARM INCOME.—

5 (A) IN GENERAL.—Clause (i) of section
6 1301(b)(1)(A) is amended by inserting “or fish-
7 ing business” before the semicolon.

8 (B) CONFORMING AMENDMENT.—Subpara-
9 graph (B) of section 1301(b)(1) is amended by
10 inserting “or fishing business” after “farming
11 business” both places it occurs.

12 (3) DEFINITION OF FISHING BUSINESS.—Sec-
13 tion 1301(b) is amended by adding at the end the
14 following new paragraph:

15 “(4) FISHING BUSINESS.—The term ‘fishing
16 business’ means the conduct of commercial fishing
17 as defined in section 3 of the Magnuson-Stevens
18 Fishery Conservation and Management Act (16
19 U.S.C. 1802).”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 December 31, 2000.

1 **SEC. 106. CLARIFICATION OF CASH ACCOUNTING RULES**
2 **FOR SMALL BUSINESS.**

3 (a) Section 446 (relating to general rule for methods
4 of accounting) is amended by adding at the end the fol-
5 lowing new subsection:

6 “(g) **SMALL TAXPAYERS PERMITTED TO USE CASH**
7 **ACCOUNTING METHOD WITHOUT LIMITATION.**—A tax-
8 payer shall not be required to use an accrual method of
9 accounting for any taxable year by reason of using mer-
10 chandise or inventory, if the average annual gross receipts
11 of such taxpayer (or any predecessor) for the 3-year-period
12 ending with such prior taxable year does not exceed
13 \$5,000,000. The rules of paragraphs (2) and (3) of section
14 448(c) shall apply for purposes of the preceding sentence.
15 In the case of a C corporation or a partnership which has
16 a C corporation as a partner, the first sentence of this
17 subsection shall apply only if such C corporation or part-
18 nership meets the requirements of section 448(b)(3).”

19 (b) **EFFECTIVE DATE.**—The amendment made by
20 this section shall apply to taxable years beginning after
21 the date of the enactment of this Act.

22 **SEC. 107. EXTENSION OF RESEARCH CREDIT MADE PERMA-**
23 **NENT.**

24 (a) **IN GENERAL.**—Section 41 (relating to credit for
25 increasing research activities) is amended by striking sub-
26 section (h).

1 (b) CONFORMING AMENDMENT.—Paragraph (1) of
 2 section 45C(b) of such Code is amended by striking sub-
 3 paragraph (D).

4 **TITLE II—TIMBER INCENTIVES**

5 **SEC. 201. PARTIAL INFLATION ADJUSTMENT FOR TIMBER.**

6 (a) IN GENERAL.—Part I of subchapter P of chapter
 7 1 (relating to treatment of capital gains) is amended by
 8 adding at the end the following new section:

9 **“SEC. 1203. PARTIAL INFLATION ADJUSTMENT FOR TIM-** 10 **BER.**

11 “(a) IN GENERAL.—At the election of any taxpayer
 12 who has qualified timber gain for any taxable year, there
 13 shall be allowed as a deduction from gross income an
 14 amount equal to the qualified percentage of such gain.

15 “(b) QUALIFIED TIMBER GAIN.—For purposes of
 16 this section, the term ‘qualified timber gain’ means long-
 17 term capital gain from the sale or exchange of timber.

18 “(c) QUALIFIED PERCENTAGE.—For purposes of this
 19 section, the term ‘qualified percentage’ means the percent-
 20 age (not exceeding 50 percent) determined by multi-
 21 plying—

22 “(1) 3 percent, by

23 “(2) the number of years in the holding period
 24 of the taxpayer with respect to the timber.

1 “(d) ESTATES AND TRUSTS.—In the case of an es-
 2 tate or trust, the deduction under subsection (a) shall be
 3 computed by excluding the portion of (if any) the gains
 4 for the taxable year from sales or exchanges of capital as-
 5 sets which, under sections 652 and 662 (relating to inclu-
 6 sions of amounts in gross income of beneficiaries of
 7 trusts), is includible by the income beneficiaries as gain
 8 derived from the sale or exchange of capital assets.”

9 (b) COORDINATION WITH MAXIMUM RATES OF TAX
 10 ON NET CAPITAL GAINS.—

11 (1) Subsection (h)(4) of section 1 (relating to
 12 maximum capital gains rate) is amended by striking
 13 “and” at the end of subparagraph (A), by striking
 14 the period at the end of subparagraph (B) and in-
 15 serting “, and”, and by adding at the end the fol-
 16 lowing new subparagraph:

17 “(C) qualified timber gain with respect to
 18 which an election is in effect under section
 19 1203.”

20 (2) Subsection (a) of section 1201 (relating to
 21 the alternative tax for corporations) is amended by
 22 inserting at the end thereof the following new sen-
 23 tence:

24 “For purposes of this section, net capital gain shall be
 25 determined without regard to qualified timber gain (as de-

1 fined in section 1203) with respect to which an election
2 is in effect under section 1203.”

3 (c) ALLOWANCE OF DEDUCTION IN COMPUTING AD-
4 JUSTED GROSS INCOME.—Subsection (a) of section 62
5 (relating to definition of adjusted gross income) is amend-
6 ed by inserting after paragraph (18) the following new
7 paragraph:

8 “(19) PARTIAL INFLATION ADJUSTMENT FOR
9 TIMBER.—The deduction allowed by section 1203.”

10 (d) TECHNICAL AMENDMENTS.—

11 (1) Subparagraph (B) of section 172(d)(2) is
12 amended to read as follows:

13 “(B) the exclusion under section 1202 and
14 the deduction under section 1203 shall not be
15 allowed.”

16 (2) The last sentence of section 453A(c)(3) is
17 amended by striking “(whichever is appropriate)”
18 and inserting “or the deduction under section 1203
19 (whichever is appropriate)”.

20 (3) Section 641(c)(2)(C) is amended by insert-
21 ing after clause (iii) the following new clause:

22 “(iv) The deduction under section
23 1203.”

24 (4) The first sentence of section 642(c)(4) is
25 amended to read as follows: “To the extent that the

1 amount otherwise allowable as a deduction under
 2 this subsection consists of gain described in section
 3 1202(a) or qualified timber gain (as defined in sec-
 4 tion 1203(b)), proper adjustment shall be made for
 5 any exclusion allowable under section 1202, and any
 6 deduction allowable under section 1203, to the estate
 7 or trust.”

8 (5) The last sentence of section 643(a)(3) is
 9 amended to read as follows: “The exclusion under
 10 section 1202 and the deduction under section 1203
 11 shall not be taken into account.”

12 (6) Subparagraph (C) of section 643(a)(6) is
 13 amended by inserting “(i)” before “there shall” and
 14 by inserting before the period “, and (ii) the deduc-
 15 tion under section 1203 (relating to partial inflation
 16 adjustment for timber) shall not be taken into ac-
 17 count”.

18 (7) Paragraph (4) of section 691(c) is amended
 19 by inserting “1203,” after “1202,”.

20 (8) The second sentence of paragraph (2) of
 21 section 871(a) is amended by striking “section
 22 1202” and inserting “sections 1202 and 1203”.

23 (e) CLERICAL AMENDMENT.—The table of sections
 24 for part I of subchapter P of chapter 1 is amended by
 25 adding at the end the following new item:

“Sec. 1203. Partial inflation adjustment for timber.”

1 (f) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to sales or exchanges after Decem-
 3 ber 31, 2000.

4 **SEC. 202. AMORTIZATION OF REFORESTATION EXPENDI-**
 5 **TURES AND REFORESTATION TAX CREDIT.**

6 (a) DECREASE IN AMORTIZATION PERIOD.—

7 (1) IN GENERAL.—Section 194(a) is amended
 8 by striking “84 months” and inserting “60 months”.

9 (2) CONFORMING AMENDMENT.—Section
 10 194(a) is amended by striking “84-month period”
 11 and inserting “60-month period”.

12 (b) REMOVAL OF CAP ON AMORTIZABLE BASIS.—

13 (1) Section 194 is amended by striking sub-
 14 section (b) and by redesignating subsections (c) and
 15 (d) as subsections (b) and (c), respectively.

16 (2) Subsection (b) of section 194 (as redesign-
 17 ated by paragraph (1)) is amended by striking
 18 paragraph (4).

19 (3) Paragraph (1) of section 48(b) is amended
 20 by striking “(after the application of section
 21 194(b)(1))”.

22 (c) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply to additions to capital account
 24 made after December 31, 2000.

1 **TITLE III—ENERGY EFFICIENT**
2 **HOMES**

3 **SEC. 301. CREDIT FOR ENERGY EFFICIENCY IMPROVE-**
4 **MENTS TO EXISTING HOMES.**

5 (a) IN GENERAL.—Subpart A of part IV of sub-
6 chapter A of chapter 1 (relating to nonrefundable personal
7 credits) is amended by inserting after section 25B the fol-
8 lowing new section:

9 **“SEC. 25C. ENERGY EFFICIENCY IMPROVEMENTS TO EXIST-**
10 **ING HOMES.**

11 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
12 dividual, there shall be allowed as a credit against the tax
13 imposed by this chapter for the taxable year an amount
14 equal to 20 percent of the amount paid or incurred by
15 the taxpayer for qualified energy efficiency improvements
16 installed during such taxable year.

17 “(b) LIMITATIONS.—

18 “(1) MAXIMUM CREDIT.—The credit allowed by
19 this section with respect to a dwelling shall not ex-
20 ceed \$2,000.

21 “(2) PRIOR CREDIT AMOUNTS FOR TAXPAYER
22 ON SAME DWELLING TAKEN INTO ACCOUNT.—If a
23 credit was allowed to the taxpayer under subsection
24 (a) with respect to a dwelling in 1 or more prior tax-
25 able years, the amount of the credit otherwise allow-

1 able for the taxable year with respect to that dwell-
2 ing shall not exceed the amount of \$2,000 reduced
3 by the sum of the credits allowed under subsection
4 (a) to the taxpayer with respect to the dwelling for
5 all prior taxable years.

6 “(c) CARRYFORWARD OF UNUSED CREDIT.—If the
7 credit allowable under subsection (a) exceeds the limita-
8 tion imposed by section 26(a) for such taxable year re-
9 duced by the sum of the credits allowable under subpart
10 A of part IV of subchapter A (other than this section),
11 such excess shall be carried to the succeeding taxable year
12 and added to the credit allowable under subsection (a) for
13 such taxable year.

14 “(d) QUALIFIED ENERGY EFFICIENCY IMPROVE-
15 MENTS.—For purposes of this section, the term ‘qualified
16 energy efficiency improvements’ means any energy effi-
17 cient building envelope component, and any energy effi-
18 cient heating, cooling, or water heating appliance, the in-
19 stallation of which, by itself or in combination with other
20 such components or appliances, is certified to improve the
21 annual energy performance of the existing home by at
22 least 30 percent, if—

23 “(1) such component or appliance is installed in
24 or on a dwelling—

25 “(A) located in the United States, and

1 “(B) owned and used by the taxpayer as
 2 the taxpayer’s principal residence (within the
 3 meaning of section 121),

4 “(2) the original use of such component or ap-
 5 pliance commences with the taxpayer, and

6 “(3) such component or appliance reasonably
 7 can be expected to remain in use for at least 5
 8 years.

9 Such certification shall be made by the contractor who in-
 10 stalled such improvements, a local building regulatory au-
 11 thority, or a qualified energy consultant (such as a utility
 12 or an accredited home energy rating system provider).

13 “(e) SPECIAL RULES.—

14 “(1) TENANT-STOCKHOLDER IN COOPERATIVE
 15 HOUSING CORPORATION.—In the case of an indi-
 16 vidual who is a tenant-stockholder (as defined in sec-
 17 tion 216) in a cooperative housing corporation (as
 18 defined in such section), such individual shall be
 19 treated as having paid his tenant-stockholder’s pro-
 20 portionate share (as defined in section 216(b)(3)) of
 21 the cost of qualified energy efficiency improvements
 22 made by such corporation.

23 “(2) CONDOMINIUMS.—

24 “(A) IN GENERAL.—In the case of an indi-
 25 vidual who is a member of a condominium man-

1 agement association with respect to a condo-
 2 minium which he owns, such individual shall be
 3 treated as having paid his proportionate share
 4 of the cost of qualified energy efficiency im-
 5 provements made by such association.

6 “(B) CONDOMINIUM MANAGEMENT ASSO-
 7 CIATION.—For purposes of this paragraph, the
 8 term ‘condominium management association’
 9 means an organization which meets the require-
 10 ments of paragraph (1) of section 528(c) (other
 11 than subparagraph (E) thereof) with respect to
 12 a condominium project substantially all of the
 13 units of which are used as residences.

14 “(f) BASIS ADJUSTMENT.—For purposes of this sub-
 15 title, if a credit is allowed under this section for any ex-
 16 penditure with respect to any property, the increase in the
 17 basis of such property which would (but for this sub-
 18 section) result from such expenditure shall be reduced by
 19 the amount of the credit so allowed.

20 “(g) TERMINATION.—Subsection (a) shall apply to
 21 qualified energy efficiency improvements installed during
 22 the period beginning on January 1, 2000, and ending on
 23 December 31, 2004.”.

24 (b) CONFORMING AMENDMENTS.—

1 (1) Subsection (c) of section 23 is amended by
 2 inserting “, section 25C, and section 1400C” after
 3 “other than this section”.

4 (2) Subparagraph (C) of section 25(e)(1) is
 5 amended by inserting “25C,” after “25B”.

6 (3) Subsection (d) of section 1400C is amended
 7 by striking “and 25B” and inserting “, 25B, and
 8 25C”.

9 (4) Subsection (a) of section 1016 is amended
 10 by striking “and” at the end of paragraph (27), by
 11 striking the period at the end of paragraph (28) and
 12 inserting “; and”, and by adding at the end the fol-
 13 lowing new paragraph:

14 “(29) to the extent provided in section 25C(f),
 15 in the case of amounts with respect to which a credit
 16 has been allowed under section 25C.”.

17 (5) The table of sections for subpart A of part
 18 IV of subchapter A of chapter 1 is amended by in-
 19 serting after the item relating to section 25B the fol-
 20 lowing new item:

 “Sec. 25C. Energy efficiency improvements to existing homes.”.

21 (c) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to taxable years ending after De-
 23 cember 31, 2000.

1 **SEC. 302. BUSINESS CREDIT FOR CONSTRUCTION OF NEW**
2 **ENERGY EFFICIENT HOME.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 (relating to business related cred-
5 its) is amended by inserting after section 45F the fol-
6 lowing new section:

7 **“SEC. 45G. NEW ENERGY EFFICIENT HOME CREDIT.**

8 “(a) IN GENERAL.—For purposes of section 38, in
9 the case of an eligible contractor, the credit determined
10 under this section for the taxable year is an amount equal
11 to the aggregate adjusted bases of all energy efficient
12 property installed in a qualified new energy efficient home
13 during construction of such home.

14 “(b) LIMITATIONS.—

15 “(1) MAXIMUM CREDIT.—

16 “(A) IN GENERAL.—The credit allowed by
17 this section with respect to a dwelling shall not
18 exceed \$2,000.

19 “(B) PRIOR CREDIT AMOUNTS ON SAME
20 DWELLING TAKEN INTO ACCOUNT.—If a credit
21 was allowed under subsection (a) with respect
22 to a dwelling in 1 or more prior taxable years,
23 the amount of the credit otherwise allowable for
24 the taxable year with respect to that dwelling
25 shall not exceed the amount of \$2,000 reduced
26 by the sum of the credits allowed under sub-

1 section (a) with respect to the dwelling for all
2 prior taxable years.

3 “(2) COORDINATION WITH REHABILITATION
4 AND ENERGY CREDITS.—For purposes of this sec-
5 tion—

6 “(A) the basis of any property referred to
7 in subsection (a) shall be reduced by that por-
8 tion of the basis of any property which is attrib-
9 utable to qualified rehabilitation expenditures
10 (as defined in section 47(c)(2)) or to the energy
11 percentage of energy property (as determined
12 under section 48(a)), and

13 “(B) expenditures taken into account
14 under either section 47 or 48(a) shall not be
15 taken into account under this section.

16 “(c) DEFINITIONS.—For purposes of this section—

17 “(1) ELIGIBLE CONTRACTOR.—The term ‘eligi-
18 ble contractor’ means the person who constructed
19 the new energy efficient home.

20 “(2) ENERGY EFFICIENT PROPERTY.—The
21 term ‘energy efficient property’ means any energy
22 efficient building envelope component, and any en-
23 ergy efficient heating, cooling, or water heating ap-
24 pliance.

1 “(3) QUALIFIED NEW ENERGY EFFICIENT
2 HOME.—The term ‘qualified new energy efficient
3 home’ means a dwelling—

4 “(A) located in the United States,

5 “(B) the construction of which is substan-
6 tially completed after December 31, 2000,

7 “(C) the original use of which is as a prin-
8 cipal residence (within the meaning of section
9 121) which commences with the person who ac-
10 quires such dwelling from the eligible con-
11 tractor, and

12 “(D) the energy efficiency of which is cer-
13 tified to exceed by 30 percent or more the ap-
14 plicable standards for energy efficiency, based
15 upon energy use or building component per-
16 formance established for comparable dwellings
17 under the 1998 International Energy Conserva-
18 tion Code.

19 “(4) CONSTRUCTION.—The term ‘construction’
20 includes reconstruction and rehabilitation.

21 “(5) ACQUIRE.—The term ‘acquire’ includes
22 purchase and, in the case of reconstruction and re-
23 habilitation, such term includes a binding written
24 contract for such reconstruction or rehabilitation.

1 “(d) CERTIFICATION.—A certification described in
 2 subsection (c)(3)(D) with respect to a dwelling shall be
 3 made by the eligible contractor, a local building regulatory
 4 authority, or a qualified energy consultant (such as a util-
 5 ity or an accredited home energy rating system provider).

6 “(e) BASIS ADJUSTMENT.—For purposes of this sub-
 7 title, if a credit is allowed under this section for any ex-
 8 penditure with respect to any property, the increase in the
 9 basis of such property which would (but for this sub-
 10 section) result from such expenditure shall be reduced by
 11 the amount of the credit so allowed.

12 “(f) TERMINATION.—Subsection (a) shall apply to
 13 dwellings purchased during the period beginning on Janu-
 14 ary 1, 2000, and ending on December 31, 2004.”.

15 (b) CREDIT MADE PART OF GENERAL BUSINESS
 16 CREDIT.—Subsection (b) of section 38 (relating to current
 17 year business credit) is amended by striking “plus” at the
 18 end of paragraph (14), by striking the period at the end
 19 of paragraph (15) and inserting “, plus”, and by adding
 20 at the end thereof the following new paragraph:

21 “(16) the new energy efficient home credit de-
 22 termined under section 45G.”.

23 (c) DENIAL OF DOUBLE BENEFIT.—Section 280C
 24 (relating to certain expenses for which credits are allow-

1 able) is amended by adding at the end thereof the fol-
 2 lowing new subsection:

3 “(d) NEW ENERGY EFFICIENT HOME EXPENSES.—
 4 No deduction shall be allowed for that portion of expenses
 5 for a new energy efficient home otherwise allowable as a
 6 deduction for the taxable year which is equal to the
 7 amount of the credit determined for such taxable year
 8 under section 45G.”.

9 (d) CREDIT ALLOWED AGAINST REGULAR AND MIN-
 10 IMUM TAX.—

11 (1) IN GENERAL.—Subsection (c) of section 38
 12 (relating to limitation based on amount of tax) is
 13 amended by redesignating paragraph (4) as para-
 14 graph (5) and by inserting after paragraph (3) the
 15 following new paragraph:

16 “(4) SPECIAL RULES FOR NEW ENERGY EFFI-
 17 CIENT HOME CREDIT.—

18 “(A) IN GENERAL.—In the case of the new
 19 energy efficient home credit—

20 “(i) this section and section 39 shall
 21 be applied separately with respect to the
 22 credit, and

23 “(ii) in applying paragraph (1) to the
 24 credit—

1 “(I) subparagraph (A) thereof
2 shall not apply, and

3 “(II) the limitation under para-
4 graph (1) (as modified by subclause
5 (I)) shall be reduced by the credit al-
6 lowed under subsection (a) for the
7 taxable year (other than the new en-
8 ergy efficient home credit).

9 “(B) NEW ENERGY EFFICIENT HOME
10 CREDIT.—For purposes of this subsection, the
11 term ‘new energy efficient home credit’ means
12 the credit allowable under subsection (a) by rea-
13 son of section 45G.”.

14 (2) CONFORMING AMENDMENT.—Subclause (II)
15 of section 38(c)(2)(A)(ii) is amended by inserting “,
16 the new energy efficient home credit,” after “em-
17 ployment credit”.

18 (e) LIMITATION ON CARRYBACK.—Subsection (d) of
19 section 39 is amended by adding at the end the following
20 new paragraph:

21 “(11) NO CARRYBACK OF NEW ENERGY EFFI-
22 CIENT HOME CREDIT BEFORE EFFECTIVE DATE.—
23 No portion of the unused business credit for any
24 taxable year which is attributable to the credit deter-
25 mined under section 45G may be carried back to any

1 taxable year ending before the date of the enactment
2 of section 45G.”.

3 (f) DEDUCTION FOR CERTAIN UNUSED BUSINESS
4 CREDITS.—Subsection (c) of section 196 is amended by
5 striking “and” at the end of paragraph (8), by striking
6 the period at the end of paragraph (9) and inserting “,
7 and”, and by adding after paragraph (9) the following new
8 paragraph:

9 “(10) the new energy efficient home credit de-
10 termined under section 45G.”.

11 (g) CLERICAL AMENDMENT.—The table of sections
12 for subpart D of part IV of subchapter A of chapter 1
13 is amended by inserting after the item relating to section
14 45F the following new item:

“Sec. 45G. New energy efficient home credit.”.

15 (h) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years ending after De-
17 cember 31, 2000.

18 **TITLE IV—REPEAL OF FEDERAL** 19 **COMMUNICATIONS EXCISE TAX**

20 **SEC. 401. REPEAL OF FEDERAL COMMUNICATIONS EXCISE** 21 **TAX.**

22 (a) IN GENERAL.—Chapter 33 (relating to facilities
23 and services) is amended by striking subchapter B.

1 (b) PHASE-OUT OF TAX.—Paragraph (2) of section
 2 4251(b) (defining applicable percentage) is amended to
 3 read as follows:

4 “(2) APPLICABLE PERCENTAGE.—The term
 5 ‘applicable percentage’ means—

6 “(A) 2 percent with respect to amounts
 7 paid pursuant to bills first rendered on or after
 8 the 30th day after the date of the enactment of
 9 this subparagraph and before October 1, 2001,
 10 and

11 “(B) 1 percent with respect to amounts
 12 paid pursuant to bills first rendered after Sep-
 13 tember 30, 2001, and before October 1, 2002.”.

14 (c) CONFORMING AMENDMENTS.—

15 (1) Section 4293 is amended by striking “chap-
 16 ter 32 (other than the taxes imposed by sections
 17 4064 and 4121) and subchapter B of chapter 33,”
 18 and inserting “and chapter 32 (other than the taxes
 19 imposed by sections 4064 and 4121),”.

20 (2)(A) Paragraph (1) of section 6302(e) is
 21 amended by striking “section 4251 or”.

22 (B) Paragraph (2) of section 6302(e) is amend-
 23 ed—

24 (i) by striking “imposed by—” and all that
 25 follows through “with respect to” and inserting

1 “imposed by section 4261 or 4271 with respect
2 to”, and

3 (ii) by striking “bills rendered or”.

4 (C) The subsection heading for section 6302(e)
5 is amended by striking “COMMUNICATIONS SERV-
6 ICES AND”.

7 (3) Section 6415 is amended by striking “4251,
8 4261, or 4271” each place it appears and inserting
9 “4261 or 4271”.

10 (4) Paragraph (2) of section 7871(a) is amend-
11 ed by inserting “or” at the end of subparagraph
12 (B), by striking subparagraph (C), and by redesign-
13 ating subparagraph (D) as subparagraph (C).

14 (5) The table of subchapters for chapter 33 is
15 amended by striking the item relating to subchapter
16 B.

17 (d) EFFECTIVE DATES.—

18 (1) REPEAL.—The amendments made by sub-
19 sections (a) and (c) shall apply to amounts paid pur-
20 suant to bills first rendered after September 30,
21 2002.

22 (2) PHASE-OUT.—The amendment made by
23 subsection (b) shall apply to amounts paid pursuant
24 to bills first rendered on or after the 30th day after
25 the date of the enactment of this Act.

1 **TITLE V—DONATION OF COM-**
2 **PUTER TECHNOLOGY AND**
3 **EQUIPMENT TO ELEMENTARY**
4 **AND SECONDARY SCHOOLS**

5 **SEC. 501. CREDIT FOR DONATION OF COMPUTER TECH-**
6 **NOLOGY AND EQUIPMENT TO ELEMENTARY**
7 **AND SECONDARY SCHOOLS.**

8 (a) GENERAL RULE.—Subpart D of part IV of sub-
9 chapter A of chapter 1 (relating to business related cred-
10 its) is amended by adding at the end the following new
11 section:

12 **“SEC. 45H. DONATION OF COMPUTER TECHNOLOGY AND**
13 **EQUIPMENT TO ELEMENTARY AND SEC-**
14 **ONDARY SCHOOLS.**

15 “(a) GENERAL RULE.—For purposes of section 38,
16 the computer donation credit determined under this sec-
17 tion for the taxable year is an amount equal to 50 percent
18 of the qualified computer technology donations made in
19 the taxable year by a corporation.

20 “(b) LIMITATION.—The credit allowed under sub-
21 section (a) shall not exceed 10 percent of the corporation’s
22 taxable income computed without regard to—

23 “(1) this section,

24 “(2) part VIII (except section 248),

1 “(3) any net operating loss carryback to the
2 taxable year under section 172, and

3 “(4) any capital loss carryback to the taxable
4 year under section 1212(a)(1).

5 “(c) DEFINITIONS.—For purposes of subsection
6 (a)—

7 “(1) QUALIFIED COMPUTER TECHNOLOGY DO-
8 NATIONS.—The term ‘qualified computer technology
9 donations’ means a qualified elementary or sec-
10 ondary educational contribution (as defined in sec-
11 tion 170(e)(6).

12 “(2) CORPORATION.—The term ‘corporation’
13 shall have the meaning given to such term by section
14 170(e)(4)(D).”

15 (b) CREDIT MADE PART OF GENERAL BUSINESS
16 CREDIT.—Subsection (b) of section 38 is amended by
17 striking “plus” at the end of paragraph (15), by striking
18 the period at the end of paragraph (16) and inserting “,
19 plus”, and by adding at the end thereof the following new
20 paragraph:

21 “(17) the computer donation credit determined
22 under section 45H(a).”.

23 (c) CREDIT ALLOWED AGAINST REGULAR AND MIN-
24 IMUM TAX.—

1 (1) IN GENERAL.—Subsection (c) of section 38
2 (relating to limitation based on amount of tax) is
3 amended by redesignating paragraph (5) as para-
4 graph (6) and by inserting after paragraph (4) the
5 following new paragraph:

6 “(5) SPECIAL RULES FOR COMPUTER DONA-
7 TION CREDIT.—

8 “(A) IN GENERAL.—In the case of the
9 computer donation credit—

10 “(i) this section and section 39 shall
11 be applied separately with respect to the
12 credit, and

13 “(ii) in applying paragraph (1) to the
14 credit—

15 “(I) subparagraph (A) thereof
16 shall not apply, and

17 “(II) the limitation under para-
18 graph (1) (as modified by subclause
19 (I)) shall be reduced by the credit al-
20 lowed under subsection (a) for the
21 taxable year (other than the computer
22 donation credit).

23 “(B) COMPUTER DONATION CREDIT.—For
24 purposes of this subsection, the term ‘computer
25 donation credit’ means the credit allowable

1 under subsection (a) by reason of section
2 45H(a).”.

3 (2) CONFORMING AMENDMENT.—Subclause (II)
4 of section 38(c)(2)(A)(ii) is amended by inserting
5 “or the computer donation credit” after “the new
6 energy efficient home credit”.

7 (d) LIMITATION ON CARRYBACK.—Subsection (d) of
8 section 39 is amended by adding at the end thereof the
9 following new paragraph:

10 “(12) NO CARRYBACK OF COMPUTER DONATION
11 CREDIT BEFORE EFFECTIVE DATE.—No portion of
12 the unused business credit for any taxable year
13 which is attributable to the credit determined under
14 section 45H may be carried back to any taxable year
15 ending before the date of the enactment of section
16 45H.”.

17 (e) DEDUCTION FOR CERTAIN UNUSED BUSINESS
18 CREDITS.—Subsection (c) of section 196 is amended by
19 striking “and” at the end of paragraph (9), by striking
20 the period at the end of paragraph (10) and inserting “,
21 and”, and by adding after paragraph (10) the following
22 new paragraph:

23 “(11) the computer donation credit determined
24 under section 45H.”.

1 (f) DENIAL OF DOUBLE BENEFIT.—Section 280C is
2 amended by adding at the end thereof the following new
3 subsection:

4 “(e) CREDIT FOR QUALIFIED COMPUTER TECH-
5 NOLOGY DONATIONS.—No deduction shall be allowed for
6 that portion of the donations referred to in section
7 45H(c)(1) otherwise allowable as a deduction for the tax-
8 able year which is equal to the amount of the credit deter-
9 mined for such taxable year under section 45H(a).”.

10 (g) CLERICAL AMENDMENT.—The table of sections
11 for subpart D of part IV of subchapter (A) of chapter
12 1 is amended by adding at the end the following new item:

“Sec. 45H. Donation of computer technology and equipment to elementary and
secondary schools.”.

13 (h) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 the date of the enactment of this Act.

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